

REDACTED

**AFFIDAVIT IN SUPPORT OF APPLICATION FOR ISSUANCE OF
CRIMINAL COMPLAINT**

I, Jeffrey Bradford, being duly sworn, depose and state that:

I. Introduction and Agent Background.

1. I am a Special Agent with the Internal Revenue Service – Criminal Investigation (IRS-CI), and have been since March 2006. During my employment with IRS-CI, I have conducted and/or assisted in many criminal investigations involving tax evasion, Stolen Identity Refund Fraud (SIRF), preparation of false tax returns, and other related federal violations. My formal education includes Bachelor degrees in Accounting and Spanish, graduating in 2005. I have also completed six months of criminal investigator/Special Agent training at the Federal Law Enforcement Training Center.

2. Along with other agents from IRS-CI, I am conducting the investigation described in this affidavit with agents from Homeland Security Investigations (HSI), Federal Bureau of Investigation (FBI), Treasury Inspector General for Tax Administration (TIGTA), and personnel from the United States Postal Inspection Service (USPIS). I make this affidavit based upon personal knowledge derived from my participation in this investigation, upon my experience as an agent, and upon information I believe to be reliable from sources including, among others, the following: (a) oral and written reports about this and other investigations that I have either written or received from employees of the IRS-CI, other law enforcement agencies, and financial institutions; (b) physical surveillance in which I have personally participated or that has been reported to me; (c) public records; (d) records obtained by grand jury subpoena; (e) interviews of witnesses; and (f) records obtained from federal departments and agencies.

3. Since this affidavit is submitted for the limited purpose of establishing probable cause in support of a criminal complaint and the issuance of an arrest warrant, I have not included each and every fact known to me or the other investigators about this investigation. Rather, I have set forth only those facts that are necessary to establish probable cause that **Sergey Kovalenko** (hereinafter known as "**Kovalenko**") committed the following offenses: (1) unauthorized use of access devices, in violation of Title 18, United States Code, Section 1029(a)(2); (2) false representation of a social security account number, in violation of Title 42, United States Code, Section 408(a)(7)(B); (3) aggravated identity theft, in violation of Title 18, United States Code, Section 1028A(a)(1); and (4) bank fraud in violation of Title 18, United States Code, Section 1344 (herein after known as "**Subject Offenses**").

II. Investigative Background.

4. This investigation began when investigators received information from a confidential source regarding a Stolen Identity Refund Fraud (SIRF) Scheme beginning in 2013. In this scheme, unauthorized individuals stole genuine taxpayers' identities and filed false tax returns, which caused the IRS to issue refunds to the perpetrators of the scheme via Automated Clearing House (ACH) direct deposits. The perpetrators directed those refund deposits to multiple bank accounts which had been opened in the names of individuals from Kazakhstan and other Eastern European countries. These individuals had in each case previously come to the United States on short-term, non-immigrant visas. In order to gain access to the fraudulent tax refunds and other stolen deposits in the bank accounts, the money was withdrawn at multiple Automated Teller Machines (ATMs) in Virginia Beach and Richmond, Virginia, and elsewhere.

5. In addition to filing false tax returns using the stolen taxpayer identities, the perpetrators of this scheme created or took control of other victims' bank accounts and

conducted unauthorized transactions, which are also known as “Online Banking Account Takeovers.” In these unauthorized bank transactions, the perpetrators sent money from the victims’ accounts via ACH electronic deposit to bank accounts in the names of the non-immigrant work-visa holders.

III. Identification of Sergey Kovalenko.

6. **Sergey Kovalenko** came into the United States on June 9, 2008, as confirmed by checks of records maintained by the U.S. Department of Homeland Security (DHS). An individual by the name of Serik Duskinov (hereinafter referred to as Duskinov) was on the same flight as **Kovalenko**. According to DHS records, **Kovalenko** and Duskinov listed the same address in the United States as their destination on Form I-94, Arrival/Departure Record. As detailed below in paragraphs 9 through 28, although it appears Duskinov has been gone from the United States since 2008, his name appears as the signatory on multiple bank accounts receiving fraudulent ACH deposits related to the above-described SIRF and Online Banking Account Takeover schemes. Investigators obtained ATM surveillance images associated with transactions involving these bank accounts and compared them with the photograph of Duskinov contained on his United States Visa. The individual conducting these transactions was not Duskinov. In light of **Kovalenko**’s prior proximity to Duskinov in arriving in the U.S., Investigators then compared the ATM surveillance images with the photograph contained on **Kovalenko**’s United States Visa, and concluded it was most likely **Kovalenko** who was making these deposits. At that point in the investigation, it was believed that **Kovalenko** was the individual responsible for controlling a certain number of the bank accounts in the above-described schemes. Subsequent investigative activity confirmed this belief.

7. On August 14, 2015, Investigators were conducting surveillance and observed **Kovalenko** as he exited the Bank of America Lynnhaven Parkway branch. Upon further investigation it was determined that while in that branch **Kovalenko** had conducted business regarding accounts in the name of Serik Duskinov, specifically Bank of America accounts XXXXXXXX9169 and XXXXXXXX9172. After exiting the Bank of America branch, **Kovalenko** was observed getting in a vehicle registered to **Kovalekno**'s wife, Marina Maiorova (herein after referred to as Maiorova). DHS records confirm that Marina Maiorova and **Kovalenko** are married, and that Kovalenko came into the United States on June 9, 2008 with Serik Duskinov. Kovalenko and Maiorova also filed a joint 2014 U.S. Individual Income Tax Return. Based on this and subsequent surveillance, your affiant knows **Kovalenko** to be the individual in the ATM transaction photos which are tied to the above-described schemes.

8. Since October 7, 2014, approximately a dozen ATM surveillance photos show **Kovalenko** withdrawing and/or depositing the funds that originated from the above-described schemes. **Kovalenko** opened, deposited, and withdrew funds from eleven (11) different bank accounts at three different financial institutions, as described in further detail below.

IV. Probable Cause.

A. Activity With Respect to Accounts in the Name of Serik Duskinov.

9. Serik Duskinov was lawfully present in the United States during the summer of 2008 on a short-term, non-immigrant visa. According to DHS records, Duskinov left the United States in 2008. Since that time, his personally identifiable information (PII) has been used to open several bank accounts that are involved in the above-described schemes.

BB&T Bank Accounts

10. Bank account numbers XXXXX3758 and XXXXXX0491 with BB&T were

opened at the BB&T Branch located at 930 First Colonial Road, Virginia Beach, Virginia, on December 5, 2014 in the name of Serik Duskinov, SSN: XXX-XX-1481, of [REDACTED], Virginia Beach, VA. Duskinov is the only name listed on the signature card associated with each account. At the time these accounts were opened, the individual opening the accounts provided Virginia driver's license #D251798891820 as his license number. Your affiant knows that this number is not an actual, valid Virginia driver's license because there are too many digits in order to search within the Virginia Department of Motor Vehicles database and there is no customer in the Virginia DMV database associated with Duskinov's social security number.

11. On January 30, 2015, BB&T Bank account XXXX3758 received an ACH deposit from Republic Bank, a tax refund processor, in the amount of \$8,414.02. This tax refund was a result of a 2014 U.S. Individual Income Tax Return filed in the name K.D., as confirmed by the IRS and BB&T Bank records for account XXXXX3758. Victim K.D. was interviewed on August 20, 2015 and stated she/he did not file this tax return and that she/he did not authorize the use of his/her PII in order to file the tax return associated with this refund.

12. On February 4, 2015, BB&T bank account XXXXXX0491 received an ACH deposit from H&R Block Bank, a tax refund processor, in the amount of \$3,846.98. This tax refund was a result of a 2014 U.S. Individual Income Tax Return filed in the name F.G., as confirmed by IRS. Victim F.G. was interviewed on September 4, 2015 and stated she/he did not file this tax return and that she/he did not authorize the use of his/her PII in order to file the tax return associated with this refund.

13. Between February 5 and April 23, 2015, ATM photos show Kovalenko conducting more than a dozen separate ATM withdrawals from accounts XXXXX3758 and XXXXXX0491 at BB&T. No other individual is observed on existing ATM footage related to

this account.

SunTrust Bank Accounts

14. Bank account numbers XXXXXXXXX4854 and XXXXXXXXX7741 with SunTrust Bank at 711 First Colonial Rd., Virginia Beach, Virginia, were opened May 22, 2015 in the name of Serik Duskinov, SSN XXX-XX-1481, of [REDACTED], Virginia Beach, VA. Between June 19 and July 5, 2015, five (5) checks in Duskinov's name totaling \$4,944.00 were deposited into these two accounts by ATM. Specifically, three checks were deposited into account XXXXXXXXX4854 and two were deposited into account XXXXXXXXX7741. The original source of these funds was a tax refund in the amount of \$4,950.00 in the name of Victim G.E., resulting from a 2014 U.S. Individual Income Tax return filed on March 23, 2015.¹ Victim G.E. was interviewed on July 20, 2015 and stated she/he did not file this tax return and she/he did not authorize the use of his/her PII in order to file the tax return associated with this refund.

15. ATM surveillance footage captured during certain of these transactions shows **Kovalenko** conducting these deposits.

Bank of America Accounts

16. Bank account numbers XXXXXXXXX9169 and XXXXXXXXX9172, both with Bank of America, were opened July 14, 2015 at the 745 Lynnhaven Parkway, Virginia Beach,

¹ Tax Refunds can be sent electronically to accounts maintained at Green Dot Corporation ("Green Dot"), which provides certain retail financial services. One of the services Green Dot offers is a bill-pay system which allows an account holder to have paper checks drawn on the account holder's Green Dot account and mailed to a third party. In this instance, the \$4,950 resulting from the fraudulent tax return filed in victim G.E.'s name was wired from the U.S. Treasury Department to a Green Dot account created in the name G.E. The five checks referenced in paragraph 14 were then drawn on G.E.'s Green Dot account and made payable to Serik Duskinov.

Virginia, Bank of America branch, in the name of Serik Duskinov, SSN XXX-XX-1481. The individual opening the accounts provided a driver's license bearing #D251798891820 – the same driver's license number utilized to open the two BB&T accounts listed above in paragraph 10. This driver's license number is not on file with the state of Florida.

17. Bank of America security camera images captured on July 14, 2015, show **Kovalenko** as the person who opened both Bank of America account numbers XXXXXXXX9169 and XXXXXXXX9172 in Serik Duskinov's name at the Lynnhaven Parkway branch. At that time, **Kovalenko** falsely represented to Bank of America personnel that his name was Serik Duskinov and his Social Security Account Number was XXX-XX-1481, when in fact it was not the Social Security Account Number that had been assigned to him.

18. From July 14 to September 28, 2015, ATM and bank surveillance cameras show **Kovalenko** conducting six (6) separate transactions impacting account numbers XXXXXXXX9169 and XXXXXXXX9172. These transactions included cash deposits, withdrawals, and interaction with bank personnel to unblock the account's ATM debit card.

19. On August 14, 2015, and as referenced above in paragraph 7, **Kovalenko** was observed as he exited the Bank of America Lynnhaven Parkway branch after he conducted business regarding the accounts in the names of Serik Duskinov, specifically Bank of America accounts XXXXXXXX9169 and XXXXXXXX9172. After exiting the Bank of America branch, **Kovalenko** was observed getting in a vehicle registered to **Kovalekno**'s wife. Shortly thereafter, your affiant interviewed two representatives of the Lynnhaven Parkway branch. The representatives confirmed that the individual known to investigators to be **Kovalenko** had been in the branch on August 14, 2015, regarding a bank account in the name of Serik Duskinov. The individual (known to your affiant to be **Kovalenko**) again provided bank personnel a Florida

driver's license bearing #D251798891820 in Duskinov's name but with **Kovalenko's** photograph. While in the bank, **Kovalenko** used the Florida driver's license to unblock the account's ATM debit card so funds could be withdrawn.

B. Activity With Respect to an Account in the Name of Rashid Gamzuev

20. Rashid Gamzuev was lawfully present in the United States during the summer of 2010 on a short-term, non-immigrant visa. According to DHS records, Gamzuev left the United States in 2010. Since that time, his personally identifiable information has been used to open at least one bank account that is involved in this scheme.

21. Bank account number XXXXXXXXX6262 with SunTrust Bank was opened April 20, 2015 at 3330 Pacific Ave, Virginia Beach, Virginia, in the name of Rashid Gamzuev of [REDACTED], Virginia Beach, Virginia, SSN XXX-XX-4767. Gamzuev was the sole signatory on this account. On May 15, 2015, five (5) checks totaling \$4,952.00 were deposited by ATM. The original source of these funds was a tax refund in the amount of \$4,958.00 in the name of Victim K.H., resulting from a 2014 U.S. Individual Income Tax return filed on March 20, 2015.² Victim K.H. was interviewed on October 20, 2015 and stated she/he did not file this tax return and that she/he did not authorize the use of his/her PII in order to file the tax return associated with this refund. The ATM photos from May 15, 2015 show the individual known to your affiant to be **Kovalenko** depositing these five (5) checks into the account in Rashid Gamzuev's name.

C. Activity With Respect to Accounts in the Name of Natalia Lavrina.

22. Natalia Lavrina was lawfully present in the United States during the summer of

² These five checks were drawn on a Green Dot financial services account in K.H.'s name, and made payable to Rashid Gamzuev. See supra n.1.

2014 on a short-term, non-immigrant visa. According to DHS records, Lavrina left the United States in 2014. Fraudulent activity – including the receipt of fraudulent tax refunds – has been observed in bank accounts opened in her name since the time she left the United States.

23. Bank account number XXXXXX9795 with BB&T was opened August 5, 2014 at the 3214 Skipwith Road, Richmond, Virginia, branch in the name of Natalia Lavrina, SSN: XXX-XX-1987, and listing [REDACTED], Virginia Beach, Virginia, as the account holder's address. Lavrina was the sole signatory on this account. On September 24, 2014, this bank account received an ACH deposit from SBTPG LLC (Santa Barbara Tax Products Group), a tax refund processor, in the amount of \$1,005.78. This tax refund was a result of a 2013 U.S. Individual Income Tax Return filed in the name of victim S.C., as confirmed by the IRS and BB&T bank records for account number XXXXXX9795. Victim S.C. was interviewed on September 24, 2015, and stated she/he did not file this tax return and that the information listed on the return is false.

24. A second ACH deposit was received into BB&T account number XXXXXX9795 on September 24, 2014, again from SBTPG LLC, a tax refund processor, in the amount of \$1,013.61. This tax refund was a result of a 2013 U.S. Individual Income Tax Return filed in the name of victim T.S., as confirmed by the IRS and BB&T bank records for account number XXXXXX9795. Victim T.S. was interviewed on October 1, 2015 and stated she/he did not file this tax return and that the information listed on the return is false.

25. Further, on October 1, 2014, BB&T account number XXXXXX9795 received an ACH deposit from H&R Block Bank, a tax refund processor, in the amount of \$1,007.06. This tax refund was a result of a 2013 U.S. Individual Income Tax Return filed in the name of victim N.N., as confirmed by as confirmed by the IRS. Victim N.N. was interviewed on September 24,

2015 and stated the return is false, she/he did not receive the refund, and she/he was unaware it was filed.

26. Between October 7 and 13, 2014, ATM photos show the individual known to your affiant to be **Kovalenko** conducting four (4) separate ATM withdrawals from BB&T account number XXXXXX9795, totaling \$2,000.00.

D. Activity With Respect to Accounts in the Name of D.W.

27. Bank account number XXXXX2568 with BB&T was opened April 28, 2015 at the 3450 Pacific Avenue, Virginia Beach, Virginia, branch in the name of D.W., SSN: XXX-XX-1717, and listing [REDACTED], Virginia Beach, Virginia, as the account holder's address. D.W. was the sole signatory on this account. At the time these accounts were opened, the individual opening the accounts provided Virginia driver's license #28611899 as his license number. A query with the Virginia Department of Motor Vehicles revealed this is not an actual, valid Virginia driver's license. Bank surveillance photos from April 28, 2015 show **Kovalenko** as the person who opened the account and made the initial deposit. Again on July 28, 2015, bank surveillance photos show **Kovalenko** withdrawing \$2,000.00 in cash from this account in D.W.'s name.

28. Bank account numbers XXXXXXXX4273 and XXXXXXXX4273 with Bank of America were opened October 26, 2015 at the 1125 Nimmo Parkway, Virginia Beach, Virginia, branch in the name of D.W., SSN: XXX-XX-1717, and listing [REDACTED], Virginia Beach, Virginia, as the account holder's address. The Virginia Department of Motor Vehicles reports [REDACTED], Virginia Beach, Virginia as **Kovalenko**'s registered address. D.W. was the sole signatory on this account. At the time these accounts were opened, the individual opening the accounts provided Pennsylvania driver's license

#28611899 as his license number. A query with the Pennsylvania Department of Motor Vehicles revealed this driver's license number does not belong to D.W. or Kovalenko. Bank surveillance photos from October 26, 2015 show **Kovalenko** as the person who opened the account. Two days later on October 28, 2015, bank surveillance photos show **Kovalenko** inside a Bank of America branch wiring \$4,400.00 to an individual in Russia.

29. On January 21, 2016, D.W. was interviewed and confirmed his social security number as XXX-XX-1717 and his date of birth. He did not authorize anyone to use his SSN and DOB to open bank accounts at BB&T and Bank of America. D.W. was shown the signature card from BB&T and stated that is not his signature. D.W. also stated he does not have a Pennsylvania driver's license.

V. Conclusion.

30. Based upon the information set forth above, there is probable cause to believe that **Kovalenko** is engaging in the **Subject Offenses**.

Jeffrey Bradford, Special Agent
Internal Revenue Service – Criminal Investigation

Sworn to before me, this _____ day of March, 2016

Douglas E. Miller
United States Magistrate Judge